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STATEMENT FROM THE KENTUCKY PUBLIC SERVICE COMMISSION REGARDING THE KENTUCKY ATTORNEY GENERAL'S INVESTIGATION

Now that the proceeding in the Franklin Circuit Court has run its course, it is appropriate for the Kentucky Public Service Commission (PSC) to respond to the investigation being conducted by the Kentucky Office of Attorney General.

Contrary to statements by the Kentucky Attorney General, the PSC has absolutely nothing to hide. We have been providing the Attorney General with voluminous records requested by him under the Kentucky Open Records Act prior to the issuance of his subpoenas. We will continue to do so.

Although we are disappointed with the outcome of today's court proceeding, the PSC will not appeal the decision and intends to cooperate fully with the Attorney General.

To that end, the PSC will reopen the record in the LG&E and KU rate cases and set the matter for rehearing on the issue of whether the decision regarding electric rates was in any way questionable. If the Attorney General, or any other party to the case, has any evidence of collusion, unethical behavior or any other impropriety that may have tainted the outcome of the case, they will have an opportunity to present that evidence and ask the PSC to act upon it.

The PSC's intention in challenging the actions by the Attorney General was not an attempt to withhold information, as should be evident from our cooperation with the Open Records Act requests.

Rather, the PSC was acting in good faith to preserve the integrity of a non-political regulatory process established in Kentucky law 70 years ago. The PSC's mandate is to balance the interests of consumers with those of regulated utilities. The PSC takes that mandate seriously.

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The role of the Attorney General in that process as set forth in Kentucky law is to represent the consumer during PSC proceedings.

The Attorney General's office has played a constructive and positive role in the process. The PSC often accepts the Attorney General's positions or approves settlements in which the Attorney General has been a participant.

If the Attorney General disagrees with a PSC decision, he has the opportunity to request a rehearing and, ultimately, seek review in the courts.

However, in this case, the Attorney General chose to take actions outside the process by which PSC decisions are subject to review. It is our belief that stepping outside the normal process in this manner – an option available only to the Attorney General – may prejudice the rights of other parties in a case.

Furthermore, we are concerned about the dangerous precedent set in this matter. Future Commissions and their staffs should be able to conduct their regulatory responsibilities with independence and integrity. It could be difficult to do so with the unspoken threat of investigation hanging over them should they make some ruling with which a future Attorney General happens to disagree.

Nevertheless, the PSC will now abide by the court's decision.

While the PSC and the Attorney General have at times disagreed on issues, they historically have enjoyed a cooperative and cordial working relationship. That relationship has helped produce decisions by which Kentucky has maintained just and reasonable utility rates while preserving financially healthy utilities capable of providing safe and reliable service to the citizens of Kentucky.

It is our desire to continue that relationship on the highest levels of professionalism and integrity. We share the Attorney General's desire to ensure that every action of the PSC is transparent and above-board.

We look forward to working with the Attorney General in bringing this matter to a resolution in which the citizens of Kentucky can have full confidence.

Mark David Goss, Chairman
Ellen Williams, Vice Chairman